

STATEMENT FOR COMMERCE COMMITTEE
HEARING ON AMTRAK
Senator Olympia J. Snowe
September 26, 2000

Thank you. I would like to express my appreciation to the Chair for scheduling this hearing today. I hope it will give us an opportunity to highlight Amtrak's successes as well as focus on the challenges Amtrak faces for the future. This committee, we should remember, gave Amtrak five years to achieve operating self-sufficiency under the Amtrak Reform and Accountability Act of 1997, which was enacted December 2, 1997. The Act contains provisions designed to help Amtrak not require federal operating funds after the end of FY2002.

For many years, I have been a supporter of Amtrak and would like to express my strong support for a national passenger rail system and the need to maintain a passenger rail system which is flexible and possesses the incentives necessary to become self-sufficient.

Today, my home State of Maine is one of only a handful of states in the continental United States that is not served by passenger rail service. I am proud and excited that after a decade of hard work, negotiations, and a bit of heartache, Maine will find itself finally a member of the Amtrak family this spring. I thank Amtrak for working with me over the years to make this service a reality, and I very much look forward to riding the new Boston-Portland train. The State of Maine is also working on plans to upgrade the Boston-Portland line to a high-speed rail service in the future, and also may extend the line even further north to Lewiston-Auburn, Maine and elsewhere.

More than twenty-five years ago, Congress created Amtrak to consolidate and strengthen our national passenger rail system. Watching the success with which new and higher-speed rail service swept through Europe and the Pacific Rim, we recognized the opportunities that rail service could provide as a part of our overall transportation system.

But today, the Amtrak system remains incomplete and the system faces many challenges. While Amtrak provides rail service throughout this nation, a variety of factors -- including lack of investment in the future of rail, and the failure of Amtrak to operate like a business -- have combined to keep our national rail system from attracting the type of widespread and popular usage that has marked service in most other modern, industrialized democracies in Europe and Asia.

I believe that if we are to confront our great transportation challenges -- including air traffic delays and highway gridlock -- an enhanced nation-wide rail network must be part of the solution. And yet, investment in our national passenger rail system has traditionally lagged far behind investment in highways and air travel.

A 1993 CRS analysis of per capita federal spending on transportation noted that while we spend \$79 per person for highways and \$44 per person on the Essential Air Service subsidy program (under which certain air travel markets are subsidized by the federal government), Amtrak received only \$27 per person.

Federal spending on other modes literally dwarfs our investment in rail, and spending on other modes has been increasing over the last 20 years, while spending on passenger rail has remained flat or declined. Meanwhile, the U.S. ranks among the bottom of all major industrialized nations in terms of support for rail travel.

Nonetheless, I do believe that Amtrak must be able to meet the next century as a financially efficient and independent entity. On this, I think we can all agree. And Amtrak has committed to achieving this goal. In this day and age when not just every dollar counts, but every cent, I believe we are rightly placing the burden of proof on Amtrak. Amtrak certainly faces enormous challenges. The GAO and the DOT IG have both identified challenges that I believe Amtrak must overcome in order to become self-sufficient. We must address these issues forthrightly.

But there are some positive signs as well. Moody's Investor Service has issued a high credit rating to Amtrak, based on the expectation that the service would become self-sufficient. Standard and Poors issued a positive report about Amtrak's performance as well. In addition, Amtrak has developed an impressive service guarantee, under which passengers who are not satisfied may receive vouchers for free travel. And Amtrak recently reported that August 2000 capped its best summer ever! Nearly 2.1 million passengers rode Amtrak in August, a 21-year high. As a result, Amtrak set a record for ticket revenue last month.

Amtrak will testify here today that it will indeed achieve operating self-sufficiency by 2003. There are critics who will question the numbers and Amtrak's financial assumptions, and I believe that Amtrak must convince us. After all, as I have said, this Committee put Amtrak on this track in 1997.

This is certainly no time to turn our back on national passenger rail.

So I look forward to working as a member of this Committee, Amtrak, and others to confront these challenges. Once again, I would like to express my appreciation to the Chair and my thanks to the witnesses for sharing their insights on

the current standing and the future of Amtrak.

Thank you.